

POLICY
CODE OF CONDUCT
BOARD MEMBERS

POLICY STATEMENT

In pursuit of the Bank's goals, each employee of the Burgan Bank Group ("the Group") is expected to adhere to business procedures and practices that are in accordance with the letter and spirit of applicable banking laws and regulations, and is expected to conduct him or herself on the basis of moral and ethical principles reflecting the highest standards of business and individual behaviour.

This is especially true of the Bank's Board of Directors ("the Board"), which is expected to take the lead in establishing the "tone at the top" and in setting professional standards and corporate values that promote the integrity and credibility of the Bank, its Board Members, Executive Management and other employees.

To that end, Board Members must display and demonstrate their commitment towards adherence to the utmost standards of business ethics and professional behavior throughout their service to the Bank, ensuring that their personal and professional conduct, at all times, commands respect and confidence in their status as officials of an international organization, contributing to the good governance of the Bank.

The Board Secretary must ensure that Board Members are fully aware of the provisions of this Code of Conduct ("the Code"), as well as the Bank's *Employee Code of Conduct*, and make sure their signatures are obtained on both on an annual basis.

The Board Corporate Governance Committee ("BCGC") is responsible for overseeing the Code's complete implementation and strict adherence, and will ensure that the appropriate corrective, disciplinary and / or legal action is taken in the event of any violation of these rules by any Board Member.

Board Members desiring guidance on these rules may contact the Board Secretary or BCGC.

PURPOSE

The success and reputation of the Bank is determined, in no small part, by the standard of personal and professional integrity with which its employees conduct themselves.

Integrity is an assumed quality of the individuals who represent the Bank in the community, including all Board Members. It is imperative that Board Members display the highest ethical standards at all times so as to reflect credibility of the Bank and its staff members.

This Code outlines the high standards of conduct that are associated with ethical business practices, and reaffirms the Bank's commitment to these standards.

SCOPE

For the purposes of this policy, "Bank" should be understood to include all Burgan Bank Group ("the Group") entities, and "Board Members" should be understood to include all Board Members and, as applicable, Board and Board Sub-Committee Secretaries, alternates, advisors and any accompanying persons attending Board or Board Sub-Committee meetings of Group entities.

APPLICATION

1. GENERAL STANDARDS OF CONDUCT

Board Members must observe the following standards of conduct while exercising their powers and carrying out the duties and tasks conferred upon them:

- Ensure that their actions are within the scope of the powers delegated to them in the Bank's Memorandums and Articles of Association;
- Comply at all times with the laws, rules and regulations to which they and the Bank are

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subject, and act in accordance with the internal policies of the Bank;

- Act in good faith and with due diligence, to the best of their ability, applying good judgment and reasonable care to ensure the best interests of the Bank;
- Ensure that proper judgment and objectivity is exercised whenever a decision is required, basing the same on industry best practice standards as well as accurate and timely information, and obtaining expert opinions or advice whenever required;
- Devote sufficient time to his / her responsibilities;
- Act honestly, and display loyalty to the Bank;
- Safeguard the interests, and ensure the fair treatment, of the Bank's shareholders and key stakeholders when making decisions;
- Endeavor not to cause losses to other companies within the Group in the pursuit of profit for the Bank;
- Take care not to abuse their powers as Directors, including the duty not to make any secret profit from their position as Board Members;
- Exercise his / her independence and commitment to perform his / her role toward the Bank and all its stakeholders without being under any limiting effect or influence;
 - In the event that the Bank's controlling shareholders have the ability to assign Board Members, said Board Members must practice their responsibility toward the Bank apart from the party that appointed them.
- Take care not to compete with the business of the Bank and subsidiaries unless shareholder approval is explicitly taken;
- Treat the Bank's competition in a fair and ethical manner at all times, refraining from negatively discussing competitors;
- Protect and preserve Bank property and assets, and purchase, use and sell such resources as efficiently as possible, reflecting their full and fair value and guarding against waste and abuse. Board Members may not use Bank services, supplies and facilities except as permitted under the relevant Bank policies;
- Take care not to use the Bank's intellectual property, for private benefit or for the benefit of others except with appropriate authorization from the Bank;
- Refrain from deriving benefit, or assisting others to derive benefit, from "insider information" concerning the Bank and / or its clients (i.e. "insider dealing");
- Show respect and tolerance for varied cultures, beliefs and backgrounds in their dealings with colleagues and Bank staff, and avoid behavior that constitutes harassment or bullying, or that could be perceived by others as harassment or bullying; and
- Refrain from using their position or authority to direct or cause Bank personnel to act inconsistently with applicable policies, regulations or procedures of the Bank.

2. INDIVIDUAL AND JOINT LIABILITY

Board Members will be liable to the Bank, its shareholders and to others in respect of all acts of deceit, misuse of authority granted to them, any breach of applicable law, any breach of the Bank's Memorandums and Articles of Association, or any mismanagement.

Board Members will also be held responsible for the actions of the Bank arising from a Board decision. This joint liability extends to Board Members who were absent from the relevant Board meeting, unless the Board Member was not aware of the resolution, or knew of it but was unable to vote against the resolution. The only exception to this principle of joint liability is for Board Members who were in attendance, who voted against the resolution, and whose objection is documented in the minutes of the relevant Board meeting.

3. LEGAL OBLIGATION

Board Members must at all times respect, abide by and comply with laws and regulations relating to the activities of the Bank. Board Members must always ensure their commitment to adhering to applicable rules and regulations, including those of stock exchange authorities, financial regulatory institutions, International Financial Reporting Standards, labor laws and commercial laws as applicable.

- Board Members must avoid all illegal activities, including, but not limited to:
 - Embezzlement;
 - Unauthorized sale of information;
 - Undue influence frauds such as forgery and counterfeiting;
 - Unauthorized use of funds, Burgan Bank revenues and fees;
 - Abuse of expense, asset and liability accounts; and / or
 - Sexual harassment or discrimination.
- Board Members engaged in these or similar activities will be required to immediately resign from their position as Board Member.

4. CONFLICT OF INTEREST

Conflict of interest is a situation or circumstance in which the private interests of Board Members influence, or may influence, the objective and impartial performance of their official duties. Board Members must at all times:

- Carry out their duties without any personal advantage.
- Avoid situations or activities where their own interests or the interests of his / her family or a third party, could conflict with those of the Bank or its customers.
- Avoid actions (including actions regarding their personal interests) that would have a negative impact on their duties as Board Members, or the interests of the Bank or its customers.
- Not be involved in discussions or decisions that directly or indirectly affect him / her.
- If a conflict of interest, or the appearance or possibility of a conflict of interest, between a Board Member (or any family member) and the Bank arises, the concerned Board Member must disclose the matter promptly to BCGC and / or the Board Chairman in writing, and disqualify himself / herself from involvement in the relevant discussion / decision.
- Avoid the acceptance of memberships on outside boards as that involves possibilities of conflict of interest. The Bank's Board Members are encouraged to participate in civic or charitable organizations; however in situations where there may be a potential or implied conflict of interest, these should be reviewed by the Board Chairman.

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- Obtain the approval of the Board for any activity that might result in a conflict of interest. The Board shall verify that this activity doesn't contain this conflict.
- Avoid areas of potential conflict of interest, including but not limited to the following examples:
 - Holding of substantial financial interest, trading in, and / or being a member of the Board or management in a competing enterprise. A financial holding is considered substantial when the holding is 5% or more of the enterprise regardless of the value or more than KD 100,000/- in value.
 - Having a personal, business, financial or other interest, activity or family relationship outside the Bank that has or may have the potential of being in conflict with the best interests of the Bank.
 - Rendering directive, managerial, or consultative services to, or being employed by, any outside concern that does business with or is a competitor of the Bank, except with the Bank's prior knowledge and consent.
 - Representing the Bank in any transaction in which a personal, family, business or financial interest exists.
 - Competing with the Bank for the sale or purchase of any kind of tangible or intangible assets, or diverting a business opportunity from the Bank for the Board Member's personal interest.
 - Using the Bank's assets, such as funds, facilities, know-how or personnel, for personal profit and advantage.
- In the event of violation of these rules, and if not approved by the Bank's shareholders at the ordinary general meeting, the Bank may claim compensation from the involved Board Members.

5. BUSINESS RELATIONSHIPS

Business contacts made by Board Members in the course their service to the Bank should be developed and used primarily and mainly for promoting the Bank's interests. Any other use of such contacts should not involve a conflict of interest. Such contacts must not be used for personal gain (financial or non-financial), either for Board Members or for their families and associates.

The Board, through its relevant Sub-Committees, has the right to examine Board Members' business relationships with any customer at any time throughout the association of the Board Member and customer with the Bank, in order to determine whether the Board Member is performing his / her role as per the requirements of the business undertaken and applicable rules and regulations.

6. FINANCIAL TRANSACTIONS

Each Board Member is required to maintain business and / or personal financial stability, financial discipline and complete transparency and integrity in all their financial transactions, in addition to other factors influencing reputation.

Generally, Board Members are free to conduct their private financial affairs as they see fit, provided that this is done in a manner that:

- Avoids conflicts of interest.

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- Does not compromise the independence of judgment or action required in the performance of official duties.
- Does not create a false or misleading impression as to the market in any investment or the price or value of any investments. Examples of this kind of behaviour would include, but are not limited to:
 - Creation of a false or misleading appearance of active trading.
 - Stock market manipulation.
 - Willfully making or disseminating statements or information that is false or misleading.
 - Fraudulently inducing persons to deal in securities by any dishonest concealment of material facts.

Board Members' personal banking transactions, and those of their related parties, shall be governed by the same procedures and rules as are set for the general public without any preferential terms and in accordance with any applicable rules and regulations in this regard.

7. RELATED PARTIES

Board Members must take care of related party transactions, and in this regards they must abide by the Bank's *Related Parties Policy*, which requires, amongst other things:

- If a Board Member becomes aware of the fact that a member of their immediate family has any Financial Interest as prohibited in this section, they must report such Financial Interest to the Board Chairman or BCGC;
- The Bank ensures that all transactions with related parties are based on equal basis, and that clear mechanisms are established for the Board to handle such cases in the event of non-compliance;
- Proper disclosure of related party transactions as per international disclosure standards and any applicable rules and regulations, and if required obtain the General Assembly's approval in this regard.
- Board Members refuse participating in any Bank matter in which, to their knowledge, they or any member of their immediate family has a Financial Interest other than a De Minimis Interest, and that they must inform the Board Secretary and BCGC of any such recusal.

For this purpose, the terms below shall have the following meanings:

- "Financial Interest" means any right to receive interest, dividends, capital appreciation, fees or other payment or monetary or in-kind benefit.
- "De Minimis Interest" means an interest which constitutes less than one percent of the total of any class of outstanding securities of an entity.

8. CONFIDENTIALITY OF INFORMATION

Board Members will be in possession of sensitive and confidential information about the Bank and its customers. This information must be kept secure in order to maintain the integrity of individual customer transactions and the Bank's business.

More generally, Board Members will be responsible for placing supervisory systems to limit access to confidential information except by authorized persons, and for verifying (through the Bank's

Internal Audit Department) that the Bank's supervisory systems prevent any leak of banking information that touch upon banking confidentiality.

No disclosure of any information belonging to the Bank and / or its clients, or information belonging to other banks' clients (which may become available to Board Members by virtue of their work) is to be made except by those authorized, and in light of what is allowed by the Bank's internal policies and applicable rules and regulations.

- Board Members may disclose confidential information to other Board Members or employees on a need-to-know basis, provided such members, executives or employees are under a similar obligation of confidentiality to the Bank.
- Board Members must use extreme caution in discussing the corporate affairs of the Bank, or its customers with outsiders (or in public places), including with Bank shareholders who do not have a right to such information before an announcement is made to all Bank shareholders.
- Board Members must not use information they are privy to, and / or have acquired in the course of business, for personal gain or for gain of any person associated with the Board Member.
- Board Members should not use confidential information in any way that would influence any customer or third party to deal in any transaction.
- If Board Members are required to disclose confidential Bank information by law, they should inform the Board Risk Committee ("BRC") of any such requirement, preferably in advance, who may, if appropriate, raise the matter with the Board Chairman, and seek the advice of the Bank's Chief Legal Counsel.
- Board Members' obligation of confidentiality shall apply during their service on the Board and shall continue after the Board Member steps down.
- Board Members should foster and encourage security awareness in the Bank in a way that enhances banking confidentiality and its maintenance.

9. INSIDER DEALING

In any dealing in securities, Board Members must abide by the provisions of applicable laws, rules and regulations, including those of CBK, MoCI CMA and / or Bursa. Board Members are prohibited from deriving benefit, or assisting others to derive benefit, as a result of possessing "insider information" concerning the Bank, its customers and / or its relationships (i.e. information not in the public domain that, if made available to the public, could materially affect the price of securities).

Board Members must refrain from the following:

- Dealing in the Bank's stock or trading in any securities issued by the Bank during their term as Board Members;
- Dealing in an investment if they know that the Bank, or an organization or individual associated with it, intends to publish a research recommendation likely to cause a price change in the investment;
- Dealing in an investment or related instruments if they know that the Bank intends to acquire a position in that investment or related instruments;
- Selling investments to, or buying investments from, a client for the benefit of their own or a

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connected person's account; or

- Knowingly acquiring, directly or indirectly, for their own account or the account of others, any Financial Interest (other than a De Minimis Interest in a publicly held entity) in:
 - A loan made by the Bank; or
 - The securities of any entity engaged in a financial transaction or other financial or supplier relationship with the Bank from the time the transaction or relationship is first considered until the time the transaction or relationship is terminated.

In the event of doubt, the Board Chairman or BCGC should be consulted.

10. ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

The Bank is required, under applicable rules and regulations, to take steps to combat money laundering and terrorism financing. Therefore, Board Members are required to know and understand applicable Anti-Money Laundering and Counter-Terrorism Financing rules and regulations, and comply with these requirements at all times.

Board Members, through the Board and its relevant Sub-Committees, must ensure that the Bank has effective internal control and supervision systems, and ensure their effectiveness and the Bank's commitment to the same in line with applicable rules and regulations, in addition to ensuring that all risks are soundly managed.

11. UNDESIRABLE BUSINESS

Board Members should not discriminate against business brought to the Bank by reputable persons. However, the referral of customers for accounts or loans from controversial or unsavory firms or persons should be carefully considered by the Board Credit Committee ("BCC") and BRC, as such relationships may lead to a loss and possibly reputational risk for the Bank.

12. GIFTS AND HOSPITALITY

The acceptance of gifts, hospitality, gratuities and other forms of remuneration by Board Members (or any of their related parties) in connection with their official duties from any person or entity outside the Bank should be strictly avoided. Notwithstanding this prohibition:

- Tangible items may be accepted, provided that the value of the item is not substantial (i.e. it does not exceed KD 250/-).
- Limited hospitality may be accepted provided that the scope and cost of such hospitality is reasonable and customary.
- In circumstances which make it difficult to refuse or decline gifts of substantial value, or hospitality beyond what may be deemed as reasonable or customary, in particular where such refusal might cause offense or embarrassment to the giving party and / or the Bank; or in the event that there is any doubt as to the appropriateness of the gifts / hospitality in question; Board Members must disclose such gifts / hospitality to BCGC to determine the appropriate course of action, which may be:
 - Declining the gift / hospitality;
 - Accepting the gift / hospitality; or
 - Accepting the gift / hospitality, but (in the case of gifts) giving it to the Bank for charitable donation or display within the Bank's premises, or seeking an

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independent appraisal on the basis of which the Board Member may be allowed to purchase the gift.

All such deliberations must be minuted / documented by the Board Secretary. If deemed necessary, BCGC may raise such matters to the Board for final deliberation. Under no circumstances shall money (cash) be accepted, even within the above guidelines.

13. CHARGES AND PRICING

Individual Board Members have no authority to:

- Quote interest rates for deposits, loans or any transactions to anyone;
- Promise anything other than Management's consideration of any application or proposal;
- Suggest any terms or conditions for loans or other Bank products and services; or
- Discuss the waiver of fees for any Bank products or services, including trust services.

It is important that no comments be made or actions be taken by Board Members that could be misinterpreted as an agreement to cooperate with competitors in a common course of action as to the rates of interest paid by the Bank, the terms on which loans are made, hours of service, or the price of products and services offered to customers.

14. COMMUNICATING WITH THE PUBLIC

When making public statements on matters related to the Bank or to the Group, Board Members should ensure that:

- They clarify whether they are speaking on behalf of the Board or as an individual; and
- Such statements are made only after the review and approval from the Board Chairman or Vice Chairman.

Any public statements made that are not related to the Bank or to the Group should also be made considering the Bank's reputation and best interest.

15. WHISTLEBLOWING

Whistleblowing regarding a Board Member will be handled through the mechanisms detailed in the Bank's *Whistleblowing Policy*, which includes measures to protect employees who contact the Board to communicate any concerns they may have regarding possible violations or fraud.

ABBREVIATIONS

Abbreviation	Description
CBK	Central Bank of Kuwait
CMA	Capital Markets Authority
MoCI	Ministry of Commerce and industry
Boursa	Boursa Kuwait (Formerly Kuwait Stock Exchange)